The Fragmented Lok Sabha: A Case for Electoral Engineering

BHASKAR DUTTA

Where there are numerous small political parties, as in India, the electoral system neither reflects the true views and opinions on important social and economic issues nor does it incorporate "social inclusiveness" . The fragmentation in our legislature can be corrected through appropriate electoral engineering. This study is an attempt to do so. It describes how the composition of the Lok Sabha has changed since 1967, paying particular attention to the trends in indices of fragmentation. It also discusses issues relating to the "ideal" composition of a legislature and of a government.

A country's electoral system is a fundamental component of any democracy. Electoral laws convert votes into seats to determine the composition of legislative chambers, and hence, the type of government as well as the quality of governance in a country. Any electoral system should ideally serve multiple objectives. First, it has to be "representative" – the composition of the legislature must reflect accurately the views and opinions of the electorate on important social and economic issues in the country. In a divided society, this objective must also incorporate "social inclusiveness" by according representation in the legislature to minorities. Second, it has to produce legislatures which are conducive to the formation of stable governments, which, in turn, should ensure good governance. Typically, this means that the legislature should not be too *fragmented* since the presence of a large number of small parties is not conducive to the formation of stable coalitional or single-party governments. Third, the electoral system should also provide the electorate with the means to hold its representatives accountable by rewarding good politicians or political parties and punishing the bad ones.

It is well-recognised that no electoral system can satisfy these objectives since they are often conflicting. For instance, research on comparative electoral systems suggests that the more representative an electoral system, the more likely is it to result in a fragmented legislature.[1] Electoral systems which are based on some form of proportional representation typically produce legislatures where parties' seat shares are closer to their vote shares compared to majoritarian systems such as the first-past-the-post (FPTP) system. Indeed, Duverger (1954) formulated this empirical regularity into a proposition which has come to be called Duverger's Law – majoritarian systems tend to produce two-party systems while proportional systems are likely to result in multi-partyism.[2]

So, the choice of an appropriate electoral system must typically involve some trade-offs amongst conflicting, and hence, competing objectives. The weights attached to different objectives should depend upon the specific country environments – there is no "universal" principle which can dictate the choice of weights. Indeed, even in a given country, these weights can also change over time, if there are big changes in the country's overall political environment since these changes will influence the relative importance of different objectives.

India has inherited the FPTP system from England, and we have been using this faithfully and without much public debate ever since elections have been held in independent India. During

I am most grateful to Ashwini Deshpande for conversations which emphasise that there are different points of view on the issues discussed here, and to E Sridharan for remarkably detailed and insightful comments on an earlier draft of the paper.

Bhaskar Dutta (*B.Dutta@warwick.ac.uk*) teaches at the University of Warwick, United Kingdom.

the early years, successive elections returned the Congress Party to power with sizeable majorities to the Lok Sabha as well as various state assemblies. While the composition of the legislatures was not very representative – the Congress vote share typically fell substantially short of its seat share – the party was able to form stable governments. The year 1967 marked a watershed in Indian politics. The Congress Party suffered a sharp setback in both the parliamentary as well as the state assembly elections, and opposition parties and coalitions came to power in several major states.

One consequence of the Congress setback was a vastly different pattern of party representation in many of the state assemblies. There was a marked tendency towards multipartyism or fragmentation of legislatures with a proliferation of small parties and successful independent candidates. The fragmentation of legislatures resulted in loose and unstable alliances since commonality of ideology or purpose was more difficult to ensure amongst a large number of groups.

Despite the fragmented state assemblies, the Lok Sabha continued to exhibit a relatively low level of fragmentation, and there was no problem in forming stable governments. The turning point came in 1989, when no single party could form a government on its own, and the government was formed by a coalition led by the Janata Dal supported by the Left Front.[3] However, this government lasted only one year. The Lok Sabha in 1991 was more fragmented. The Congress Party formed a minority government, but managed to remain in power for the full term, with the help of several defectors acquired in December 1993. The subsequent years have witnessed substantially higher levels of fragmentation in the Lok Sabha.[4] The nature of the ruling coalitions, typically a good indicator of the composition of the legislative chamber, has also changed. The number of parties in the coalitions has increased, with the National Democratic Alliance (NDA) coalition in 1999 having as many as 13 members, and the United Progressive Alliance (UPA) falling just short of that number.[5] The compositions of the governments have also kept changing with some parties leaving the government, while others are induced to enter the government through various dubious means.

There have been disturbing signs of growing corruption in public life, with allegations that some politicians, and the smaller parties in particular, can be "bought off". Unstable coalitions also impose some economic costs. The unwieldy size of these coalitions and the complete absence of any ideological cohesion amongst their members have meant that these governments have found it difficult to agree on hard policy choices. Parties in the ruling coalitions have tried to implement policies catering to their own narrow vote banks, and have thus introduced various policy distortions.[6]

Of course, the increasing fragmentation in our legislative chambers simply reflects the growing divisiveness in our society. Caste, religion and ethnic divisions have all assumed greater significance. New parties representing narrower interests have become more popular, and have grown at the expense of *national* parties, whose vote and seat shares have recorded an alarming decline (see Table 3, p 97). This trend is only likely to become more pronounced in the immediate future.

While social divisiveness is difficult to tackle, the fragmentation in our legislatures can be corrected through appropriate electoral engineering. Many countries which have adopted some form of proportional representation also specify a legal threshold representing the minimum percentage share of the vote that a party must obtain in the appropriate electoral district in order to secure a seat in the legislative chamber. This threshold, which varies from a low of 0.67% in the Netherlands to a high of 10% in Turkey, is designed to reduce party fragmentation by excluding small parties from the legislature. Obviously, the use of such a legal threshold is an artificial barrier against the entry of small parties and is in conflict with the goal of representation or social inclusiveness. However, countries which employ this device have deliberately chosen this in order to promote a more cohesive legislature. In other words, these countries have traded off representation in favour of stable governance.

Such legal thresholds are not used in countries which employ majoritarian electoral systems. But, this is probably because Duverger's Law applies to a much larger extent in these countries – of course with the notable exception of India. Hence, there is a significantly greater concentration in parties' seat shares in these countries even without the use of a threshold. Unfortunately, India's recent electoral experience at the national level does not fit this pattern. Since there is no conceptual difficulty in applying the legal threshold to FPTP systems, there should certainly be greater discussion about the desirability of using the legal threshold in India.

In the rest of this article, I first describe how the composition of the Lok Sabha has changed since 1967, paying particular attention to the trends in indices of fragmentation. I then go on to discuss issues relating to the "ideal" composition of a legislature and of a government. In the last section, I use recent electoral data to illustrate what the composition of the Lok Sabha might have been if we had a legal threshold of 2.5% – that is, a stipulation that only parties obtaining a minimum of 2.5% of the aggregate national vote are entitled to secure a seat in Parliament. Of course, this is a highly speculative exercise – if we did have such a legal requirement, then parties' strategies as well as voters' behaviour would have been different. Nevertheless, I believe this exercise is worthwhile because it provides *some* (even if *imprecise*) quantitative idea about the extent of change in fragmentation that might be achieved with this type of electoral reform.

1 Trends in Composition of the Lok Sabha

In this section, I discuss characteristics related to the composition of the Lok Sabha since 1967 – as I have remarked earlier this year marked a watershed in the Indian political environment. Since the primary focus of the article is on the growing fragmentation in the Lok Sabha since the 1990s, I compare the composition of the Lok Sabha for the years 1991, 1996, 1999 and 2004 to the years 1967, 1971 and 1977, these three years exhibiting relatively low levels of fragmentation.

Table 1: Number of Parties in Lok Sabha

Year	1967	1971	1977	1991	1996	1999	2004
Actual no of parties	20	25	18	24	28	38	37
Effective no of parties	3.16	1.86	1.91	3.60	5.82	5.87	6.52
Effective no of electoral parties	5.19	3.40	2.49	5.15	7.11	6.74	7.56
No of parties with less than five seats	10	16	11	15	13	22	21
No of independents	35	14	9	1	9	6	6

Chart 1: Distribution of Seats and Votes in 1967

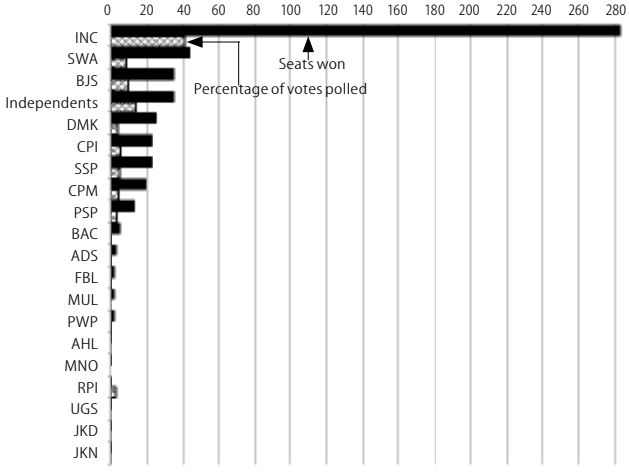


Chart 2: Distribution of Seats and Votes in 1971

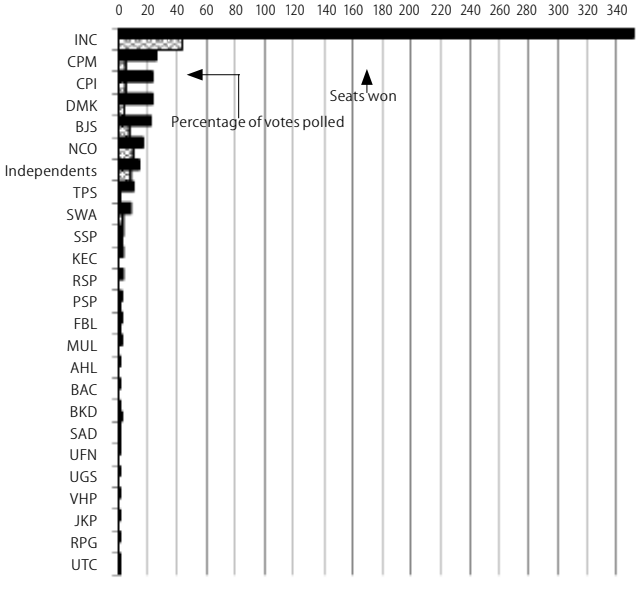
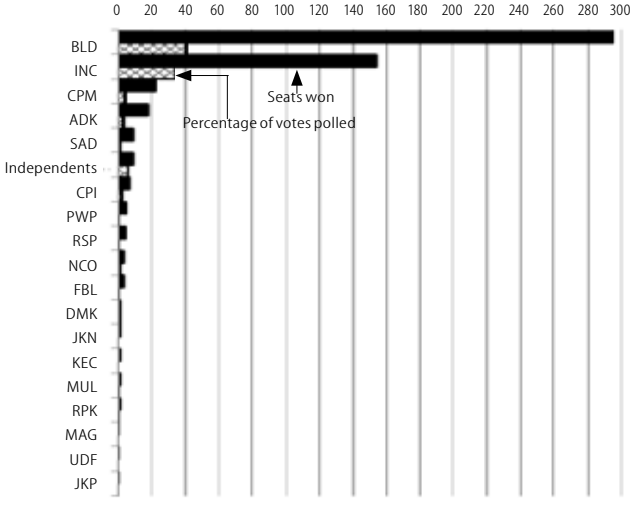


Chart 3: Distribution of Seats and Votes in 1977



Charts 1 to 7 and Table 1 (p 94) describe some features relating to the structure of parties in the Lok Sabha. There were 20 parties actually gaining representation in Parliament in 1967. This

Chart 4: Distribution of Seats and Votes in 1991

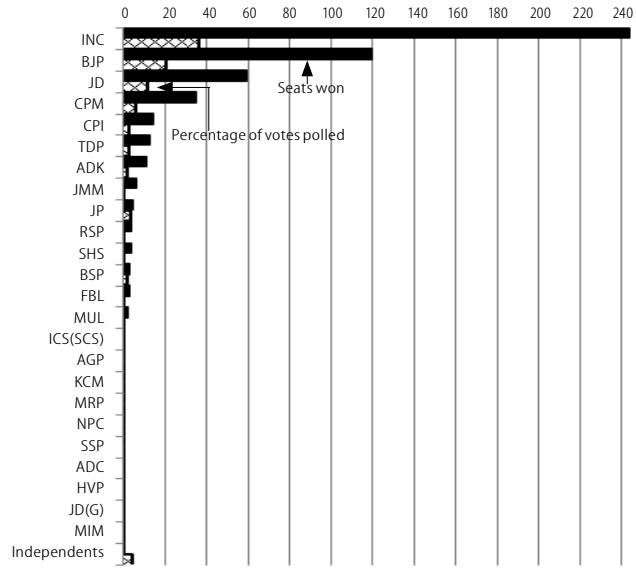
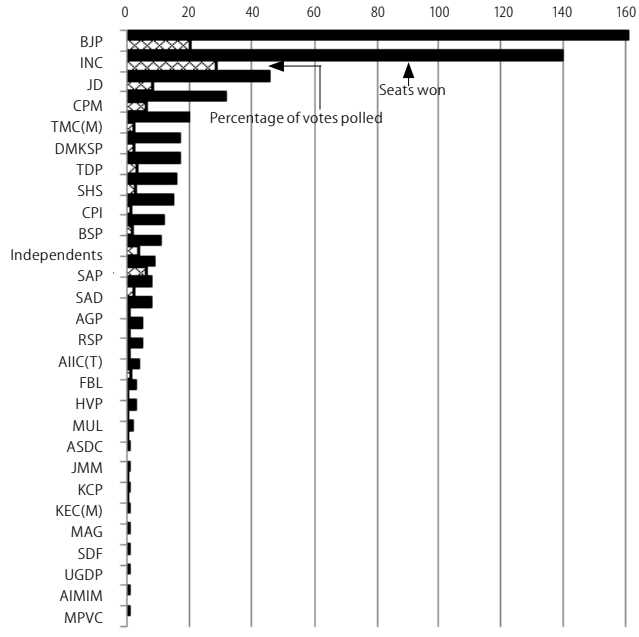


Chart 5: Distribution of Seats and Votes in 1996



number increased to 38 and 37, respectively, in 1999 and 2004. Not surprisingly, many of these parties were very small, with just one or two members. For instance, approximately a third of these parties had only one representative in Parliament, while over half the parties had less than five seats.

Charts 1 to 7 present a visual picture of the distribution of seats in the Lok Sabha for the years under review. Chart 1 shows that despite the first signs of fragmentation, the Congress in 1967 retained its dominant role with 283 seats in a house of 520 members. The Swatantra Party came a distant second with 44 seats. Another notable feature of the 1967 election was the large number of independents winning representation – as many as 35 of them! The dominance of the Congress was overwhelming in 1971, when Indira Gandhi swept to power capturing a two-thirds majority for her party. The next best was the CPI(M) with just 25 representatives

Chart 6: Distribution of Seats and Votes in 1999

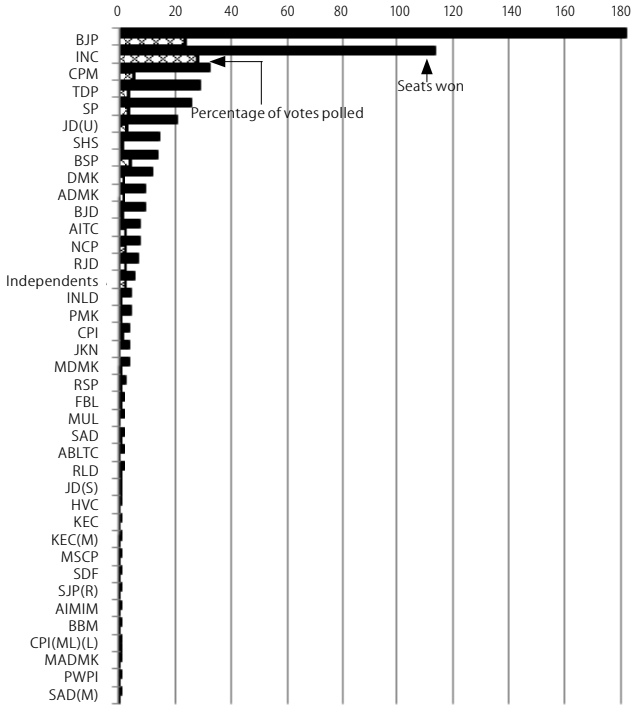
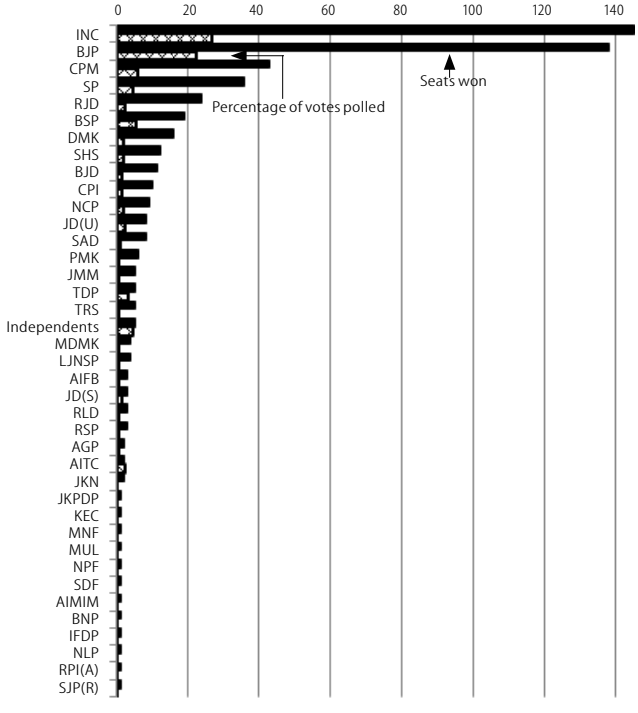


Chart 7: Distribution of Seats and Votes in 2004



in Parliament. A common feature of the elections in 1977 and 1991 was that the composition of the two Lok Sabhas was almost consistent with Duverger's Law in the sense that the two largest parties captured a large fraction of the seats. Of course, this pattern was more pronounced in 1977, with the 1991 Lok Sabha being significantly more fragmented. Chart 4 also shows the emergence of a third force – the Janata Dal (JD) with just under 60 seats. The last three charts paint a very different picture – the aggregate share of the two largest parties falls quite sharply to around 300 or less. The remaining seats are distributed among a large number of parties.

The actual number of parties in Parliament can be a misleading indicator of the extent of fragmentation in a legislative chamber, and the extent to which fragmentation acts as a constraint on the formation of stable governments. For instance, the presence of as many as 24 other parties did not prevent the Congress from forming a stable government in 1971. Similarly, as many as 10 parties gained representation in the UK House of Commons in 2001, but seven of these parties had only 28 seats amongst them, and so what mattered was the number of seats captured by the three main parties – Labour, Conservatives and Liberals. The concept of the effective number of parties, due to Laakso and Taagepera (1979), conveys information about the extent of fragmentation in the legislature. This takes into account both the number of parties in the legislature as well as their seat shares. A benchmark is when two parties each capture 50% of the seats – in this case there are two effective parties. Smaller parties are given lower weight. The actual Laakso-Taagepera measure is given below.

$$N = 1 \Big/ \sum_i S_i^2$$

where s_i is the share of seats won by party i in the legislature. A corresponding measure in terms of vote shares gives a measure of the effective number of electoral parties.[7]

Table 1 also shows both the effective number of parties as well as the effective number of electoral parties. The effective number of parties was 3.16 in 1967, reflecting the first sign of a fragmented Lok Sabha. The Congress and the Janata Party (JP) won large majorities in the next two general elections, and this kept the effective number of parties to below two. The second phase reveals a completely different picture. In particular, there has been an alarming increase in fragmentation in the last three Lok Sabhas with the effective number of parties being close to six. The effective number of electoral parties has always been higher than the effective number of parties. This reflects the fact that vote shares are usually more dispersed than seat shares under the FPTP system.

In order to put these charts in perspective, consider some international comparisons. Lijphart (1995) conducts a comparative analysis of election results in 27 countries between 1945 and 1990. Belgium, Denmark, Israel and France are countries which typically have a high degree of fragmentation in their parliaments. But, the average effective number of parties in these countries has ranged from 3.7 (Belgium) to 4.9 (France). The highest effective number of parties in Israel, a country which consistently returns a large number of small parties to the Knesset, has been 6.0. Clearly, the 2004 Lok Sabha was highly fragmented in terms of any international comparison.

Another way of looking at the level of fragmentation is to consider the Rae (1967) measure of fragmentation, which is a transformation of the Laakso-Taagepera formula for the effective number of parties.[8] In fact, it is given by

$$F = 1 - \sum_i S_i^2$$

so that $F = 1 - 1/N$. As earlier, s_i is the seat share of party i. An analogous expression in terms of vote shares gives the Rae index of fragmentation of votes.

Table 2 reports the Rae measure of fragmentation for both seats and votes. The table reports two sets of estimates. In the first set, the values of the indices are calculated as if there were no pre-poll alliances between different parties. In the second set of estimates, all major pre-poll alliances have been incorporated into the calculation of the index. Of course, the second set of estimates indicates a lower level of fragmentation since seat and vote shares are consolidated amongst those groups of parties which successfully arrive at some pre-poll arrangements.

Table 2: The Rae Fragmentation Indices

	Ignoring Pre-poll Alliances		Incorporating Pre-poll Alliances	
	Seats	Votes	Seats	Votes
1967	0.685	0.808		
1971	0.528	0.784	0.462	0.706
1977	0.619	0.706	0.475	0.598
1991	0.722	0.806		
1996	0.828	0.859	0.787	0.828
1999	0.830	0.852	0.747	0.780
2004	0.847	0.868	0.693	0.717

The indices have not calculated separately for 1967 and 1991 since there were no significant pre-poll alliances in these years.

Table 3: Seat and Vote Shares by Party Categories (%)

	National		State		Unrecognised	
	Seats	Votes	Seats	Votes	Seats	Votes
1967	84.62	76.13	8.27	9.69	7.11	14.18
1971	87.07	77.85	7.72	10.16	5.21	11.99
1977	88.75	84.67	9.04	8.82	2.21	6.51
1991	89.51	80.61	9.55	13.10	0.94	6.29
1996	74.22	69.08	23.76	22.44	2.02	8.48
1999	67.95	67.1	29.10	26.91	2.95	5.94
2004	67.04	62.89	29.28	28.90	3.68	8.21

A school of thought may claim that pre-poll alliances should be taken into account in any calculation of levels of fragmentation – if parties arrive at seat-sharing agreements, then they will act as one group in the legislature. But, of course, this assumption is not valid in India. Parties which come to some agreements about sharing seats in order to avoid splitting votes do not necessarily exhibit any commitment to remain in the same group or coalition after elections.[9] The latest example of this was the decision of the Telangana Rashtra Samity, which was a constituent of the UPA coalition, but broke away from the UPA alliance in September 2006. A more influential break-up was that of the All India Anna Dravida Munnetra Kazhagam (AIADMK), whose departure from the NDA alliance actually resulted in the collapse of the 1998 NDA government after just a year. And there have been many other instances of parties breaking away from coalitions.

Of course, Table 2 again corroborates the alarming rise in the level of fragmentation since 1991. This rise in fragmentation is due entirely to the growth of state parties and the corresponding fall in vote and seat shares of national parties. In order to gain recognition as a state party, a party must be engaged in some form of political activity for at least five continuous years, and send at least 4% of the state's quota to the Lok Sabha or 3.33% of members to the state assembly. Alternatively, a party may gain recognition as a state party if it secures not less than 6% of the total votes in a state or national election. If a party is recognised in four or more states, it is automatically recognised as a national party by the EC.[10]

Table 3 describes distribution of seats and votes by category of parties. It shows that until 1991, the national parties won roughly nine out of 10 seats in the Lok Sabha. The vote share of national parties was of course lower, hovering around 80%. The sharp break came in 1996, when the seat share of national parties fell to 74%. It dropped even further to 67% in the last two elections. The table also shows that almost the entire loss in seat shares of the national parties was captured by the state parties. This was the time when regional parties such as the Telugu Desam Party (TDP), Dravida Munnetra Kazhagam (DMK), Shiv Sena (SS), Samajwadi Party (SP) and the Rashtriya Janata Dal (RJD) came into prominence and became dominant players in their respective states. Since these were also amongst the larger states in the country, their vote shares were also significant at the national level. The category of unrecognised parties remained "small" players, capturing around 3% of the seats in the last two elections. Typically, the FPTP system is biased against small parties, unless these parties' vote banks are concentrated in a few constituencies. This is reflected in Table 3 – the vote shares of the unrecognised parties are appreciably larger than their seat shares.

There are different measures of the degree of disproportionality between seat and vote shares. Here, I have used the measure due to Lijphart (1995). Letting $d_i = (s_i - v_i)$ denote the difference between seat share and vote share of party i, this is given by

$$L = \sqrt{\frac{\sum d_i^2}{n}}$$

Table 4 exhibits the values of the Lijphart index of disproportionality in the seven Lok Sabhas considered here. The highest level of disproportionality was in 1971, when the Congress won two-thirds of the seats in the Lok Sabha, but with only 43% of the votes. The levels of disproportionality in 1967 and 1997 were also higher than the corresponding levels in the remaining years. This is consistent with the properties of the FPTP system. Obviously, there is a large gap between votes and seats within each constituency since "the winner takes all". If one party gets a majority of seats – as in 1967 to 1977 – this tends to multiply the single-constituency disparity between votes and seats by a large number. In contrast, if the legislature is fragmented, then the disparities within each constituency tend to cancel out to some extent leading to a smaller level of overall disproportionality. This explains why disproportionality is lower since 1991. It also illustrates the conflicting nature of the two objectives of an electoral system – more fragmented legislatures tend to be more representative!

Table 4: Disproportionality Index

	Lijphart Disproportionality Index
1967	0.031
1971	0.051
1977	0.035
1991	0.021
1996	0.021
1999	0.020
2004	0.011

2 Is There an Ideal System of Governance?

The last section documents the dramatic increase in the number of parties gaining representation in the Lok Sabha, and the consequent increase in fragmentation. This, in turn, has resulted in a large number of parties in the ruling coalition. An important aim of any electoral reform designed to reduce the level of fragmentation

must clearly be to reduce the number of parties gaining representation. But, is there any rule of thumb which suggests the "ideal" number of parties in a legislature? Is single-party government necessarily better than coalition governments? Does received wisdom throw any light at all on these issues?

A conventional theory of electoral competition between parties dating back to Downs (1957) supports a two-party system. In a rather stark model of the electoral environment, voters are represented on a left-right spectrum. Then, if there are only two parties contesting the election, the parties would compete for the support of the centrist voters. Hence, both parties would support centrist policies, this tendency being stronger if a large proportion of voters are located in the centre. On the other hand, there may no longer be any intense competition for centrist voters if there are more than two parties.

Of course, the representation of voters in a left-right spectrum essentially assumes that the issue space is one-dimensional. Even as a theoretical abstraction, this cannot be a very useful model in the Indian context since the issue space is significantly more complicated. Caste, religion, cultural differences, the nature of economic policies – all these influence voters' preferences over political parties, and so the issue space is really multidimensional. The electoral strategies that would be followed by two competing parties when the issue space is multidimensional no longer have any simple characterisation.

Two-party competition also ensures that the government would be formed by a single party. *Adversarial* theories of electoral competition emphasise the benefits of single-party governments. Proponents of adversarial democracy view elections primarily as a link in the chain designed to insure that parties in government remain collectively accountable to the legislative chamber, and hence, in one more step to the electorate. This vision suggests that electoral systems that systematically reduce the multiple contenders for office to the leading parties winning seats both simplifies electoral choices and clarifies responsibility for government decisions.

So, the institution of single-party governments is supposed to promote accountability and transparency of decision-making. Voters can punish bad performance and conversely reward good performance since voters know exactly which party is responsible for any change. Since parties can anticipate voter behaviour, they, in turn, will act responsibly when in power because the incumbent party fears being driven out of office if deemed to be corrupt or incompetent.

An analogy sometimes drawn by economists to describe electoral competition between different parties is that of Bertand oligopoly. Just as several (identical) firms competing in prices drive prices down to marginal cost, political parties competing to capture power will also extract zero rent if either captures power. However, the different parties may be distinguishable in terms of ideologies or differences in the personal charisma of their leaders. In this case, the analogy of Bertrand competition between identical firms is no longer appropriate. Nevertheless, electoral competition will still mitigate rent extraction.[11] However, the implicit assumption in this argument is that of a single-party government since this facilitates identification of the parties which are culpable when there is excessive rent extraction from the system.

The dangers of single-party governments are also well known. An obvious problem is that it may lead to a dictatorship of the majority. The entrenched power of the majority population may result in the disregard of minority rights, and more generally, an absence of effective checks and balances that prevent extremism of any form, even though the extremism may have the support of a majority of the electorate. For instance, a coalition government would almost certainly not have been able to introduce the Emergency!

There are also supporters of consensus democracy, who envisage this form as a guard against the excesses of single-party governments. Thus, the vision of consensus democracy emphasises that political institutions should promote consensual decision-making, bargaining and compromise among multiple parliamentary parties, each of whom have some stake in power. This, of course, means at least some dispersion in decision-making processes. Proponents of consensus democracy suggest that in order to facilitate deliberative and collaborative governance, the electoral system should reduce the barriers to minority parties, maximise voter turnout, and ensure that parliaments faithfully mirror the social and political diversity in society. These act as the checks and balances which are so completely absent in single-party governments. For instance, the Bharatiya Janata Party (BJP) has been unable to implement policies which incorporate extreme versions of its Hindutva philosophy only because it was in a coalition government. Luckily, at least some of the other member of the coalition did not subscribe to the same philosophy, forcing the BJP to tone down its extremism.

In the foreseeable future, we will have a coalition government at the centre. So, the debate is not really about the relative benefits and costs of single-party versus coalition governments. A more relevant discussion must centre around the costs and benefits of different types of coalition governments – all multiparty governments cannot be painted with the same brush.

For instance, there is a difference in the duration of different types of coalition governments, although their average duration is typically lower than that of single-party governments. The life of an average Italian government in the post-second world war has been just one year, while majority coalition governments in several other countries in western Europe have lasted significantly longer.[12] The Indian experience with coalition governments is also varied. The Left Front governments in West Bengal have had no problem in lasting full terms in office, while coalition governments in several other states have collapsed like the proverbial house of cards. The central governments of 1989 and 1998 had very short lives, while those in 1999 and 2004 lasted their full terms. Although the central governments of 1999 and 2004 are exceptions, the average duration of coalition governments tends to be negatively correlated with the number of parties in the coalition.[13] Greater ideological disparity amongst members of the ruling coalition also tends to reduce the life of a coalition government.

Unstable governments that are likely to have a short life are liable to introduce policy distortions. Such governments have very short time-horizons. This has important implications for economic policy in general, and budgetary policy in particular. If political power alternates rapidly and randomly between competing political parties or groups of parties, then each government will

follow *myopic* policies since it assigns a low probability to being relocated. Hard policy options whose benefits flow after a long gestation lag are unlikely to be adopted by such a government. It may spend indiscriminately in order to satisfy the short-term needs of its support groups.

Ruling coalitions with a large number of ideologically disparate members are also likely to introduce policy distortions, even if these governments have a long life. There are very few policy changes which are beneficial for everyone – some group is always affected adversely. The party whose specific vote bank is hurt will then oppose the change since the credit is shared amongst all the constituents of the coalition. So, very few policy initiatives will be undertaken by such coalitions. On the other hand, each constituent will also promote spending on projects catering to the interests of its own group of supporters leading to overall excessive expenditure.

3 Electoral Engineering

Clearly, a large number of parties in the ruling coalition is an embarrassment of riches. Given the cleavages in the contemporary Indian society, the only way to restrict the size of coalitions is to *artificially* promote a greater concentration of parties in the legislatures by ensuring that only relatively big parties gain representation in Parliament. Of course, any such attempt is a violation of one of the principal objectives of an electoral system – the need to be *representative*. But, as I have mentioned earlier, there is no ideal electoral system. Trade-offs between different objectives have to be exercised, and changes in the relative weights must depend on the extent to which the current electoral system falls short of different objectives. Since the possibility of stable governance seems very remote, the case for a realignment of weights in favour of stable governance seems overwhelmingly strong.

It is also worth pointing out that several other countries have implemented major reforms of the basic electoral system. In the United Kingdom, the Blair government radically overhauled the electoral system of FPTP, with alternative systems adopted at almost every level except for Westminster and local councils. After more than a century of the FPTP system, New Zealand switched to a mixed-member proportional system, producing a sudden fragmentation of the two-party system in 1993. In 1992, Israel introduced direct elections for the prime minister in order to create a stronger executive as a direct response to the increasing party fragmentation in the Knesset and overcome the problems of frequent government turnover. Italy went in for electoral engineering in the following year. After prolonged debate about the best way to overcome unstable party governments, and a deep crisis in the parliamentary system, Italy adopted a combined electoral system where three-quarters of the parliamentary seats were distributed by plurality vote in single member districts and the remaining one-quarter as a proportional compensation for minor parties. Venezuela, one of Latin America's oldest democracies, aiming to strengthen the independence of elected members over the national party leadership, changed in 1993 from a closed list proportional representative (PR) system for the Chamber of Deputies to a combined system. In March 1994, Japan moved from a Single Non-Transferable Vote to a system combining PR seats with FPTP-single-member districts, in the attempt to craft a competitive two-party, issue-oriented politics, and a cleaner, more efficient government.[14]

An interesting response to government instability is the German system of "constructive vote of no-confidence". That is, the German legislature or Bundestag can remove the chancellor only when it simultaneously agrees on a successor. The constructive no-confidence vote makes it harder to remove a chancellor because opponents of the chancellor not only must disagree with his or her governing, but also must agree on a replacement.

Notice that while such a rule increases government stability as measured by duration of government, it may not help in promoting better governance when a ruling coalition consists of ideologically disparate groups. The factors responsible for policy distortions in the form of policy inaction and populism are not really mitigated simply by prolonging the life of the government. So, any attempt to produce better governance must tackle the problem of fragmentation in the Lok Sabha.

Suppose a legal threshold was superimposed on the FPTP system in India. In particular, suppose that in each Lok Sabha constituency, the winner is the candidate who secures the largest number of votes from amongst those candidates belonging to parties obtaining at least 2.5% of the aggregate votes at the national level.[15] Notice that this would eliminate all independents and small parties from the electoral contest, and thereby ensure a significantly lower degree of fragmentation in Parliament.

I now describe an illustrative exercise of imposing such a 2.5% threshold on the actual electoral date for the Lok Sabha elections in the years 1991, 1996, 1999 and 2004. For each of these years, Table 5 presents some characteristics of a hypothetical Lok Sabha in which parties securing less that 2.5% of the aggregate votes are denied representation. In this exercise, I have treated the Left Front as a single "party" since the constituents of this Front have exhibited much greater unity of purpose than any other pre-poll alliance. So, for instance, only the Congress, BJP, Left Front, JD, JP and TDP would have gained representation in 1991. Their combined vote share adds up to 84%, and together these parties obtained 494 seats. As many as 18 parties obtaining 40 seats are eliminated. Of course, this reduces fragmentation considerably. Table 5 shows that the effective number of parties goes down to just over three, while the Rae index is just .673.

Table 5: Simulated Party Characteristics with 2.5% Legal Threshold

	1991	1996	1999	2004
No of eligible parties	6	7	9	6
Effective no of parties	3.06	3.85	3.91	3.57
Effective no of electoral parties	3.58	4.11	4.26	3.67
Fragmentation index (seats)	0.673	0.740	0.744	0.720
Fragmentation index (votes)	0.721	0.757	0.765	0.727

The 1996 hypothetical Lok Sabha would have seen the exit of the JP and entrance of two new parties – the SP and Bahujan Samajwadi Party (BSP). Since the actual fragmentation in 1996 was considerably higher, the vote shares of these seven parties add up to only 76%, while their aggregate seats are 443. The divergence of the hypothetical Lok Sabhas from the actual Lok Sabhas (in terms of the combined vote shares and seat shares) goes up in 1999 and 2004. Of course, this in itself reflects the higher level of fragmentation in the actual Lok Sabhas – a larger number of

small parties are eliminated in the latter two years. The effective number of parties in both years remains below four – compared to 5.87 and 6.52 in the actual Lok Sabhas.

Of course, this is only indicative of what might have happened if we actually did have a legal threshold incorporated in our electoral rules. Any such change would have obviously resulted in big changes in both party strategies as well as voter behaviour. Clearly, there would have been some consolidation of parties since the smaller parties would have merged in order to ensure that their aggregate vote share crossed the legal threshold. Some voters too would have changed the parties for whom they cast their votes. Instead of "wasting" their votes on their preferred but "small" parties, they would have voted for their most preferred "large" party. But, notice that both tendencies would have worked in the same and desired direction – to reduce fragmentation!

How unfair is such a system to minorities? The answer to this question depends on what constitutes an "eligible" issue in the national election. Consider, for instance, the issue of the relevance of caste in Indian elections. However much "liberal", Indians may object to the introduction of caste as an issue in electoral contests, it does seem to be an important issue with a large segment of the electorate. So, if the restrictions were so severe as to rule out all dalit parties, that would certainly be a gross violation of minority rights. On the other hand, it is a less serious violation of minority rights, if dalits or Yadavs in a specific state are denied representation by their own state parties. Often, the only unique selling proposition (USP) of many of these parties is the personal charisma of their leaders.

Similarly, several parties have all gained prominence because they represent specific regional interests. These parties need to be distinguished from parties which fight for greater decentralisation through increased regional autonomy. For instance, regional parties which represent the interests of narrow geographical areas may often be inimical to the interests of the country as a whole. A prime example of this is the Shiv Sena with its agitation for "sons of the soil". The growing number of states in India is also a manifestation of this brand of regionalism.

Any effort to reduce fragmentation must also reduce the dimension of the issue space. There is a sense in which the imposition of a legal threshold does this endogenously by forcing parties with similar though not identical interests to merge. For instance, there could be parties representing the interests of all dalits or of all other backward classes irrespective of their geographical location. Similarly, there can be a party which fights for greater regional autonomy bitterly opposed to another which is in favour of greater centralisation. There can be parties differentiated on the left-right spectrum in terms of economic policies. Essentially, each political party should be viewed as a mechanism to aggregate diverse points of view. Minorities within each party will have no one to represent them, and in the process their rights may be violated. But, then, even today, tiny parties representing very narrow interests have very little influence on the overall policymaking apparatus.

The use of a legal threshold – whether this is superimposed on a proportional electoral system or majoritarian system – represents "some" violation of the objective of representation and social inclusiveness. This represents the cost of such electoral reform. The benefit or gain would be greater consolidation of parties in the Lok Sabha, and hence, better governance. In the current Indian political environment, the gains are more than likely to outweigh the costs.

NOTES

1 See, for instance, the classic work of Rae (1967) and Norris (2004).

2 It is also recognised that the recent Indian political environment, particularly at the national level, is a robust violation of Duverger's Law!

3 Yadav (1999) has an interesting classification of the overall electoral scene in India, and labels the post-1989 period as the third electoral system.

4 See Sridharan (2002) for alternative explanations of why the Lok Sabha is increasingly fragmented over time.

5 Here, I am departing from the conventional definition of a "coalition" in the political science literature, which counts only lower house parties with ministers in the cabinet as being members of the ruling coalition. So, for instance, the TDP would not be included in the NDA coalition since it provided external support to the government.

6 There is some empirical corroboration that unstable coalitions introduce policy distortions. Roubini and Sachs (1989) analyse the pattern of fiscal deficits in member countries of the Organisation for Economic Cooperation and Development. They find a significant tendency for larger deficits in countries characterised by short average tenure of government and by the presence of many parties in the ruling coalition.

7 This term is due to Lijphart (1995).

8 The underlying idea of a measure of fragmentation is that it is the opposite of a measure of concentration. The Rae index of fragmentation is based on the Herfindahl-Hirshman index of industrial concentration.

9 One notable exception is the constituents of the Left Front.

10 There have been some changes in the definition of a "national" party. However, the qualitative nature of the trends reported in Table 3 are not affected by these changes.

11 See, for instance, Persson and Tabellini (2000).

12 See, for instance, Taylor and Herman (1971), Laver and Schofield (2000).

13 See Taylor and Herman (1971), who find that the Rae index of fragmentation of the legislative chamber is negatively correlated with the duration of coalition governments.

14 Of course, many democracies have also implemented more minor changes in their electoral systems by modifying electoral procedures so as to change the legal statutes and party rules and facilitate positive action for women and improving the administrative process of electoral registration and voting facilities.

15 I am abstracting from the problem of what would happen if in some constituency, no eligible party puts up a candidate. In practice, if we did have such a system in place, then the "equilibrium" response of parties would ensure that there would be eligible candidates in each constituency.

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